

Volume 1

U.S. Army Utilities Privatization & Energy Bulletin

A New Year word from for Facilities & Housing:

Deputy

State of the UP Union...Well hardly, - we'll leave that for others, but it is January and like the two faced Roman god, Janus, the month was named for, it's a good time to look both back and forward. The look back for Army, covers many years. Army started utilities privatization well before OSD formalized it and we intend to finish it before the OSD imposed deadline. When we look back just one year we find Army was serious enough to create a new position, the Deputy Assistant Secretary of the Army for Privatization and Partnership, filling it with Mr. Armbruster and giving the program high-level visibility.

Another giant step took place just last October when the Army set up the Installation Management Agency which will provide improved funding and regional execution for utilities privatization.

When Janus turns his eyes to the future, there is still much to do. Although we can see the end of the original privatization test, it is time to realize that there still may be some utilities that will NOT be privatized. For these systems, the next step must be modernization. That means planning, programming and budgeting. It is not too soon to think about this time consuming process. Our ultimate goal is modern, efficient utility systems, regardless who owns them. I would like to end with that inspiring slogan: "Let's Roll!" ..but we've been rolling for a long time now so better to start this New Year by saying, we're on track - Keep Rolling!

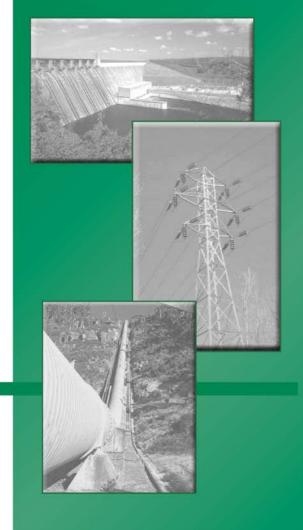
Bitter Sweet:...Yes, we're bitter about losing our ace, the Army Secretariat. His "temporary" detail started last July and ended last month with his promotion as assistant to We lost an outstanding action officer but the sweet part is that Rich short-stops a lot of questions before they hit us. Rich received a well-deserved Superior Civilian Service Award from MG Lust on 2 January.

Fond Farewell...to. who retired in December. John was the long time Chief of the Facilities Policy Division and always an outspoken champion of privatization. He will be missed. well-qualified Army Civil Engineer who takes over later this month, will succeed John.

Keep it Simple!...We wish we could, but the information requirements of management have caused us to make a more detailed breakdown of the various steps of privatization within the PTS. We hope some of the added info helps you. As always, however, PTS is the sole, official record so please keep your data as current and correct as possible.

Sixty Four Dollar question?...Which system is going to be number 65? Our odometer is stuck on 64 with the following candidates in the final approval lap:

Fort Sill: Water and Waste Water Fort Campbell: Water and Waste Water



Point Of Contact:

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Current Status - Where are we now? The Army has privatized 33 systems since DRID #49 was issued in December of 1998. These systems are listed below along with the new provider.

| 777 | | | | |
|------------|-----------------|---------------|-----------------|-----------|
| Appendix A | - Post DRID #49 | Privatized St | vstems as of 22 | Jan. 2002 |

| Appendix At a root British to the transfer of promise do of 22 outs. | | | | |
|--|----------------|-----------------------------------|--|--|
| Installation | Utility | New Provider | | |
| ABERDEEN PG | PW, WW | City of Aberdeen | | |
| A.P. Hill | EL | Rappahannock Electrical Coop. | | |
| BENNING | NG | United Cities Gas Co. | | |
| BENNING | EL | Flint Electric Membership Corp. | | |
| BLISS | EL | Rio Grande Electric Coop. | | |
| CAMPBELL | NG | Rio Grande Electric Coop. | | |
| DETRICK | NG | Washington Gas & Light | | |
| DETROIT ARS | NG | Consumers Power Co. | | |
| HAMILTON | EL, NG, PW, WW | ENRON | | |
| KNOX | EL | Nolin Rural Electric Coop. | | |
| LEE | PW | Virginia American Water Co. | | |
| McCOY | EL | Northern States Power Co. | | |
| MONTEREY | EL, NG | Pacific Gas & Electric Co. | | |
| MONTEREY | PW | California American Water Co. | | |
| MONTEREY | ww | City of Monterey | | |
| MONTRY ANNX | PW, WW | Marina Coast Water District | | |
| NATICK RDEC | NG | NSTAR | | |
| PARKS | PW, WW | Dublin San Ramon District | | |
| PICATINNY ARS | EL | Sussex Rural Electric Coop. Co. | | |
| PICKETT | PW | Southside Electric Coop. | | |
| RED RIVER AD | PW, WW | Red River Redevelopment Authority | | |
| RED RIVER AD | EL | SW Electric Power Co. | | |
| SAM HOUSTON | NG | City of San Antonio | | |
| SILL | NG | Oklahoma Natural Gas | | |
| STEWART ARMY SUBPOST | NG | Central Hudson Gas & Electric | | |
| | | | | |

Total Systems Privatized - 64

Energy Corner:

Awards: Like the Oscars, every year we compete and every year Army does well. Guidance for this year's awards already sent out on the annual SECARMY and Federal Energy Management awards. A great way to recognize excellence at your installation. Nominees also compete for Federal level awards and Army had many of the DOD winners last year. Let's repeat - your Energy POC is Hank Gignilliat on 703-428-7003.

Early in the year...but not to soon to mark your calendar for the GSA Energy 2003 conference on 17-23 Aug 03. We plan to set aside the last two days for DOD/Army meetings for IMA regions and the Installations. Keep tuned - more to follow.



Lessons Learned: You know your program's mature when you start getting audits from Triple A. You know you're immature when you don't learn from past lessons. A recent audit of one of our contracts awarded about three years ago pointed out two important lessons:

Audit Trail: Sufficient documentation must be prepared and retained to support the Price Evaluation Committee's decision and any adjustments made to the IGE during the negotiation process. This is a key decision and we must be prepared to support it with documentation.

QA Plan: The privatization contract MUST include a quality assurance program and surveillance plan. This plan should relate to the type of contractor being awarded the contract. Public Utilities or Cooperatives operate under a State regulatory body and IAW certain specified criteria and standards. Private contractors do not! Private contractors need to have detailed enforceable quality assurance requirement spelled out in the contract. There is a difference, and we took a hit for missing this on one of our contracts.